

Message Text

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SUBJ: VISIT TO WASHINGTON OF SPANISH FINANCE MINISTER

REF: MADRID 2771

1. UPON DEPARTING MADRID FOR THE U.S. MARCH 15, FINANCE
MINISTER FERNANDEZ ORDONEZ MENTIONED TO THE AMBASSADOR
SEVERAL MATTERS WHICH HE MAY RAISE WITH SECRETARY
BLUMENTHAL. ONE OF THESE IS THE SPANISH DRAFT LAW WHICH
WOULD PERMIT U.S. AND OTHER FOREIGN BANKS TO OPEN BRANCHES
IN SPAIN. ACKNOWLEDGING THAT THE CONDITIONS WHICH HAVE
BEEN PROPOSED PUBLICLY THUS FAR MAY BE TOO RESTRICTIVE
FOR U.S. BANKS, HE WILL EXPLAIN THAT HE IS CONSIDERING
TWO CHANGES (1-INSTEAD OF PAID-IN LOCAL CURRENCY CAPITAL
OF ROUGHLY \$18 MILLION, A PAID-IN CAPITAL OF \$10 MILLION
TOGETHER WITH A HOME OFFICE GUARANTEE OF \$10 MILLION
MORE; AND 2 - THE CENTRAL BANK WOULD BE ABLE TO AUTHORIZE
EXCEPTIONS TO THE POLICY OF LIMITING LOCAL CURRENCY
BUSINESS TO 20 OF THE BRANCH'S PORTFOLIO). IN ADDITION,
FERNANDEZ ORDONEZ MAY INQUIRE ABOUT THE STATUS OF
TREASURY'S REVIEW OF COUNTERVAILING DUTIES ON SPANISH
PRODUCTS AS A FOLLOW-UP TO THE RECENT JOINT ECONOMIC
COMMITTEE METING.

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2. OTHER DISCUSSION POINTS WHICH THE MINISTER RAISED WITH
THE AMBASSADOR WERE: A DESCRIPTION OF THE MONCLOA PACTS
AND THE GOVERNMENT'S OVERALL ECONOMIC STRATEGIES; THE
CURRENT SPANISH POLITICAL SITUATION AND THE CONSTITUTION-
DRAFTING PROCESS; AND PERHAPS BRIEF MENTION OF THE RATHER
TRANQUIL LABOR SITUATION HERE. FERNANDEZ ORDONEZ ALSO

SAID THAT HE WOULD APPRECIATE SECRETARY BLUMENTHAL'S VIEW OF THE DOLLAR SITUATION.

3. ON THE EVE OF HIS DEPARTURE FOR WASHINGTON AND NEW YORK, FERNANDEZ ORDONEZ WAS INTERVIEWED BY THE NATIONAL RADIO NETWORK. DESCRIBING TO HIS SPANISH AUDIENCE THE PURPOSE OF THE VISIT HE STATED:

-THE "INVITATION" WAS EXTENDED IN ORDER TO GIVE THE MINISTER AN OPPORTUNITY TO "ANALYZE PROBLEMS IN RELATIONS BETWEEN THE TWO COUNTRIES." "RELATIONS WITH OUR AMERICAN COLLEAGUES," HE SAID, "ARE THOSE NORMAL BETWEEN TWO COUNTRIES."

-SPANISH ECONOMIC CONDITIONS WILL BE REVIEWED. THIS WILL BE SPECIFICALLY DISCUSSED AT THE EXPERTS LEVEL WITH THE INTERNATIONAL MONETARY FUND.

-THE ECONOMY STILL FACES A "LONG PERIOD OF CRISIS," BUT THE SITUATION IS ALSO HOPEFUL "IF WE ARE CAPABLE OF BEING CONSTANT AND PATIENT."

-THE AMERICAN PRESS HAS WRITTEN BOTH POSITIVE AND NEGATIVE ARTICLES ABOUT SPAIN. FERNANDEZ ORDONEZ WILL CLARIFY THE SITUATION.

4. THE OFFICIAL PARTY WHICH DEPARTED MADRID IS COMPOSED OF THE FOLLOWING FOUR LEADERS: THE MINISTER; JOSE BAREA, THE UNDERSECRETARY FOR BUDGETS AND EXPENDITURES; JOSE VICTOR SEVILLA, DIRECTOR GENERAL FOR TAXATION; AND LIMITED OFFICIAL USE

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PROFESSOR ANTONIO SANTILLANA, TECHNICAL SECRETARY GENERAL OF THE MINISTRY. THREE SECURITY GUARDS WILL ALSO ACCOMPANY.

5. ALTHOUGH WE HAVE BEEN INFORMED THAT ALL ADMINISTRATIVE ARRANGEMENTS HAVE BEEN MADE THROUGH THE SPANISH EMBASSY IN WASHINGTON, THE FINANCE MINISTRY HAS INFORMED THE EMBASSY THAT THE MINISTER'S PROGRAM WILL CONSIST OF THE FOLLOWING:

- MARCH 15. ATTEND ANNUAL DINNER OF DEMOCRATIC PARTY AT HOTEL WASHINGTON HILTON.

- MARCH 16. LUNCH WITH WALL STREET JOURNAL AND ASSOCIATED PRESS DOW JONES. DINNER AT THE BROOK CLUB WITH PRESIDENTS OF IMPORTANT U.S. INVESTMENT BANKS.

- MARCH 17. LUNCH IN NEW YORK WITH THE "YOUNG PRESIDENT'S ORGANIZATION" FOLLOWED BY PRESS CONFERENCE.

- MARCH 20. 9:30 MEETING WITH IMF VICE PRESIDENT DALE AND DIRECTOR FOR EUROPE WHITTOE. LUNCHEON WITH EX-IM CHAIRMAN MOORE. 3:00 P.M. MEETING WITH TREASURY SECRETARY

BLUMENTHAL. 6:00 P.M. MEETING WITH WORLD BANK PRESIDENT

MCNAMARA, FOLLOWED BY CONCLUDING PRESS CONFERENCE.

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